Transportation Safety Board of Canada

Bureau de la sécurité des transports du Canada

# Transportation Safety Board of Canada

## 2012-13

## Quarterly Financial Report for the Quarter Ended June 30, 2012

Canada

# Management Statement for the Quarter Ending June 30, 2012

## Introduction:

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates.

The Transportation Safety Board's (TSB) sole objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences. The purpose of these investigations is to identify the causes and contributing factors and the safety deficiencies evidenced by an occurrence. The TSB then reports publicly and makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

## Basis of Presentation:

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Transportation Safety Board's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates and Supplementary Estimates, as well as transfers from Treasury Board central votes that are approved by the end of the quarter. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

As part of the departmental performance reporting process, the TSB prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector. However, the spending authorities voted by Parliament remain on an expenditure basis.

The quarterly report has not been subject to an external audit or review.

## Highlights of Fiscal Quarter and Fiscal Year to Date Results:

### Statement of Authorities

The TSB received $30,054,000 in funding through the 2012–13 Main Estimates, which is a decrease of $322,000 compared to the 2011-12 Main Estimates of $30,376,000. This decrease is explained by collective agreements that have expired in 2011–12 and for which a new agreement has not yet been signed. The funding for terminable allowances in these collective agreements is not included in the Main Estimates. The TSB expects to receive this funding at future date through Supplementary Estimates.

Budget 2012 calls upon the TSB to reduce its operating expenditures by $1,283,000 by 2014-15, a net reduction of approximately 4.3% of its budget provided through Main Estimates. This reduction will be made on a progressive basis as follows:

**Budget 2012 Reductions** (in thousands of dollars)

| Fiscal Year | Cumulative Reduction | Revised Budget |
|---|---|---|
| 2012-13 | 719 | 29,335 |
| 2013-14 | 846 | 29,208 |
| 2014-15 and on-going | 1,283 | 28,771 |

For fiscal year 2012-13, the reduction of $719,000 consists of a reduction in the TSB's operating vote of $619,000 and a reduction in the statutory authorities for employee benefit plans of $100,000. The TSB plans for addressing the 2012-13 cuts in funding are to reduce salaries by eliminating 5 positions that are vacant or soon to be vacant and to reduce spending on professional services and special services as well as transportation and communications.

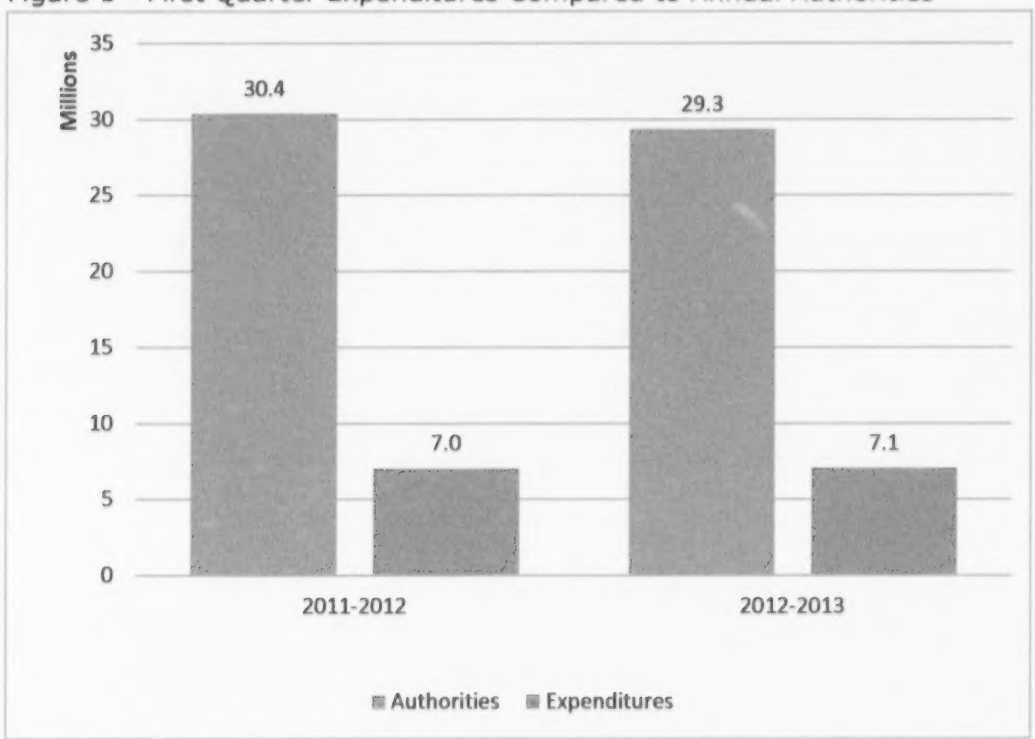
## Statement of Departmental Budgetary Expenditures

The department's quarterly and year-to-date spending are in line with that of the previous year with an overall increase of only $21,000 across all standard objects. The major variance is an increase of $145,000 for professional and special services, resulting from the use of temporary help to assist with processing an increased number of ATIP requests and to fill short-term vacancies. Decreases in other expenditure categories offset the increase for professional and special services. These variations in expenditures are generally explained by differences in the timing of spending between quarters of the year.

At the end of the first quarter the TSB has already spent 84% of planned spending for rentals. This is due mainly to the payment of expenditures for annual software licenses at the beginning of the year. There should only be minor increases in the quarters that follow for this expenditure category.

As illustrated in Figure 1, the TSB has spent approximately 24% of its authorities at the end of the first quarter. This spending pattern is consistent with previous years as the TSB's spending is generally distributed equally throughout the year given that the department's most significant expense is salaries.

Figure 1 - First Quarter Expenditures Compared to Annual Authorities




## Risks and Uncertainties:

The TSB is funded through annual appropriations. As a result, its operations are impacted by any changes in funding approved through Parliament. As a departmental corporation, it has authority to spend revenues received during the year although such revenues are minimal; on average less than 1% of the department's funding requirements.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13 and that departments would not be funded for salary increases resulting from collective agreements in those years. As departments must pay the salary increases to employees, they are expected to find efficiencies within their operating vote to fund these increases. The TSB anticipates being able to accommodate the increase in salaries without significantly impacting its ongoing operations as long as the increments in pay remain consistent with other recently signed agreements.

In addition, Budget 2012 called upon the TSB to reduce its operating expenditures by $1,283,000 by 2014-15, a net reduction of approximately 4.3% of its budget. The TSB anticipates being able to accommodate the reductions in funding without impacting the number or quality of investigations or the timeliness of its safety communications. The TSB will need to adapt to some changes to internal business processes and internal service levels given that the majority of the reductions will be made to the internal services program.

A continuous risk to TSB's financial situation is that expenditures are greatly influenced by the number and complexity of transportation occurrences. A significant transportation accident or a flurry of smaller size occurrences could significantly increase expenditures and result in resource pressures that could require the department to seek additional funding from Parliament.

## Significant Changes in Relation to Operations, Personnel and Programs:

For the first quarter of 2012-13, there have been no significant changes in relation to operations, personnel and programs over the last year.

**Approval by Senior Officials**:

Approved by,

**Wendy A. Tadros**
Chair

**Chantal Lemyre, CGA**
Chief Financial Officer

**Transportation Safety Board of Canada**
**Quarterly Financial Report**
**For the quarter ending June 30, 2012**

## Statement of Authorities (unaudited)

**Fiscal year 2012-13** (in thousands of dollars)

| | [1]Total available for use for the year ending March 31, 2013 | Expended during the quarter ended June 30, 2012 | Year to date used at quarter-end |
|---|---|---|---|
| Vote 10 - Net operating expenditures | 25,860 | 6,151 | 6,151 |
| Statutory authorities - Employee Benefit Plans | 3,475 | 899 | 899 |
| **Total authorities** | **29,335** | **7,050** | **7,050** |

**Fiscal year 2011-12** (in thousands of dollars)

| | [2]Total available for use for the year ending March 31, 2012 | Expended during the quarter ended June 30, 2011 | Year to date used at quarter-end |
|---|---|---|---|
| Vote 10 - Net operating expenditures | 26,683 | 6,065 | 6,065 |
| Statutory authorities - Employee Benefit Plans | 3,693 | 964 | 964 |
| **Total authorities** | **30,376** | **7,029** | **7,029** |

[1]Includes Authorities granted by Parliament in Main Estimates $30,054,000 less reductions in funding of $719,000 announced in Budget 2012.

[2]Includes only Authorities granted by Parliament at quarter-end.

**Transportation Safety Board of Canada**
**Quarterly financial report**
**For the quarter ending June 30, 2012**

## Statement of Expenditures by Standard Object (unaudited)

**Fiscal year 2012-13** (in thousands of dollars)

| | Planned expenditures for the year ending March 31, 2013 | Expended during the quarter ended June 30, 2012 | Year to date used at at quarter end |
|---|---|---|---|
| **Expenditures:** | | | |
| Personnel | 23,557 | 6,092 | 6,092 |
| Transportation and communications | 1,773 | 269 | 269 |
| Information | 141 | 3 | 3 |
| Professional and special services | 2,236 | 319 | 319 |
| Rentals | 215 | 180 | 180 |
| Repair and maintenance | 478 | 43 | 43 |
| Utilities, materials and supplies | 334 | 61 | 61 |
| Acquisition of land, building and works | - | 8 | 8 |
| Acquisition of machinery and equipment | 601 | 75 | 75 |
| **Total net budgetary expenditures** | **29,335** | **7,050** | **7,050** |

**Fiscal year 2011-12** (in thousands of dollars)

| | Planned expenditures for the year ending March 31, 2012 | Expended during the quarter ended June 30, 2011 | Year to date used at quarter-end |
|---|---|---|---|
| **Expenditures:** | | | |
| Personnel | 24,210 | 5,988 | 5,988 |
| Transportation and communications | 1,799 | 333 | 333 |
| Information | 133 | 4 | 4 |
| Professional and special services | 2,297 | 174 | 174 |
| Rentals | 207 | 145 | 145 |
| Repair and maintenance | 509 | 84 | 84 |
| Utilities, materials and supplies | 446 | 123 | 123 |
| Acquisition of land, building and works | - | - | - |
| Acquisition of machinery and equipment | 775 | 178 | 178 |
| **Total net budgetary expenditures** | **30,376** | **7,029** | **7,029** |